

Title 12—DEPARTMENT OF REVENUE  
Division 10—Director of Revenue  
Chapter 111—Sales/Use Tax—Machinery and Equipment Exemptions

**PROPOSED AMENDMENT**

**12 CSR 10-111.010 Manufacturing Machinery and Equipment Exemptions, as Defined in Section 144.030, RSMo.** The director proposes to amend the Title and add subsection (2)(J).

*PURPOSE: This rule is being amended due to TAFP CCS HCS SB30, enacted by the 94th General Assembly, 2007.*

(2) Definition of Terms.

**(J) Used directly in manufacturing, mining, fabricating or producing a product-substantially used in, essential to, and comprising an integral part of the manufacturing, mining, fabricating or producing process. Under the integrated plant theory, adopted by Missouri, it is not sufficient to meet only one of these requirements. For example, items used in material storage or handling before the manufacturing process begins may be essential to the process, but generally are not an integral part of the manufacturing process and are therefore not used directly in manufacturing. Similarly, items used for storing the finished product are generally not an integral part of the manufacturing process. The factors that determine whether an article is directly used are: whether the item is essential or necessary to the process; how close, causally, is the item to the production process; and whether the item operates harmoniously with other machinery to make an integrated and synchronized system. The direct use requirement is not limited to those items of machinery, equipment and parts that produce a direct physical change in the composition of the raw materials or work in process. As long as there is a continuous progression from raw materials to finished product and there are no extended interruptions in the manufacturing process, the integrated and synchronized system begins when raw materials enter the production process and ends when the product is finished.**

*AUTHORITY: section 144.270, RSMo [1994] 2000. Original rule filed Aug. 31, 1999, effective March 30, 2000. Amended: Filed Aug. \_\_\_\_, 2007.*

*PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.*

*PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.*

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Department of Revenue, Legal Services Division, Governmental Affairs Bureau, PO Box 475, Jefferson City, MO*

65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.